National Phonograph Co.) On Petition to the
versus) Honorable Secretary
Thomas H. Macdonald) of the Interior

United States. Patent Office.

National Phonograph Co.)
versus) Public Use Proceed-
Thomas H. Macdonald) ings

NATIONAL PHONOGRAPH COMPANY, vs. THOMAS H. MACDONALD.	On Petition to the Honorable Secretary of the Interior.

BRIEF FOR PETITIONER—NATIONAL PHONOGRAPH COMPANY.

Statement of Facts.

The papers in the case are voluminous, but the facts pertinent to the question which we consider controlling may be briefly stated.

The National Phonograph Company, a corporation engaged in handling Mr. Edison's phonograph, on May 1st, 1899, filed with the Commissioner of Patents a petition stating that it was informed that its competitors had applied for patents on a phonograph having a high surface speed such as the National Phonograph Company was selling; that the invention which its competitors were seeking to patent had been embodied in phonographs which had been in public use for many years, and that such public use formed a bar to the grant of any patent upon that invention; and the petition prayed that proceedings be instituted to determine the facts stated. The petition was supported by affidavits showing the facts regarding the public use referred to, and also showing that the information with regard to the applications for patents had

been furnished by one Leon F. Douglass, who had informed the general manager of the petitioner that not only had he, Douglas, filed an application for such a patent, but that a similar application for patent had been filed by one Thomas H. Macdonald, an employee of and inventor for the American Graphophone Company, a competitor of the petitioner, and that an interference had been declared between the Douglass and Macdonald applications. After preliminary proceedings and hearing the parties, the Commissioner of Patents, on June 30th, 1899, decided that public use proceedings be instituted against the Douglass application, but that since the applications of Douglass and Macdonald interfered, the interference should first be declared and the preliminary statements filed and opened before proceedings in the public use case were had. These steps having been taken, the Commissioner, on July 18th, 1899, issued an order containing the following provisions :

> "It is ordered that the taking of testimony to show whether or not the device covered by the subject matter of the issue, or the devices set up in the affidavits and exhibits of the protestant, have been in use as alleged, begin on Monday, August 14, 1899, and continue from day to day until concluded."
>
> "The taking of testimony will be governed as far as practicable by the rules of this Office relating to the taking of testimony in interferences and other contested cases. W. A. Megrath, Law Clerk, is detailed to represent this Office and to conduct the proceeding."

This was an order made by the Commissioner of Patents *in person*. A copy of this order was transmitted to the petitioner by a letter dated July 18th, 1899, and signed by the Commissioner in person, such letter containing the following additional order :

> "You will please furnish the opposing parties and this Office with the names and addresses of the witnesses and the place where you intend to examine them."

On August 11th, 1899, the Acting Commissioner, in the absence of the Commissioner, extended the time for taking testimony to September 4th, 1899, and on August 29th, 1899, the Acting Commissioner again postponed the taking of testimony "to a date to be set by the Commissioner upon his return to the Office on September 1st." This last order of the Acting Commissioner acted as a suspension of the proceedings in the public-use case, and, while that suspension was in force, the interference between Douglass and Macdonald was proceeded with, and resulted in a final determination of the question of priority of invention in favor of Macdonald. This reduced the public-use case to the position of a moot proceeding, since the Patent Office had decided that Douglass was not entitled to a patent in any event. Thereupon, and on January 30th, 1901, the petitioner filed with the Commissioner of Patents a paper calling attention to the new situation and moving the Commissioner to reform the public-use case by including the Macdonald application therein, and further moving that the petitioner be allowed, through its attorneys, to examine the Macdonald application and the interference proceedings, and be furnished by the Patent Office with copies of such portions thereof as it may desire. After hearing counsel for the petitioner and for Macdonald, the Commissioner, on February 11th, 1901, rendered a decision substituting Macdonald for Douglass in the public-use case, but denying the petitioner's motion for permission to examine the Macdonald application. This decision closed with the following order:

> "It is, therefore, ordered that the taking of testimony begin on Monday, February 18, 1901, and continue from day to day until concluded. The protestant will furnish Macdonald and this Office with the names of the witnesses to be examined and the place where the testimony is to be taken. In the further proceedings in this case the name of Macdonald will be substituted for that of Douglass in the title. William A. Megrath, Law Clerk, is detailed to represent the Office and conduct the proceedings."

This order, like the orders of July 18th, 1899, was signed by the Commissioner in person. While the order of February 11th, 1901, does not so state, we assume that the case is still controlled by the additional provision of the order of July 18th, 1899, viz.:

> "The taking of testimony will be governed as far as practicable by the rules of this Office relating to the taking of testimony in interferences and other contested cases."

The Commissioner failed to follow the rules and established practice in his orders governing the conduct of the public use case.

The practice of instituting contested proceedings for determining whether or not the grant of a patent is barred by a public use existing more than two years before the filing of the application had its beginning in the year 1882 in the *Alteneck* case. It appears that in that case affidavits had been filed showing a public use of the invention, and the Alteneck application had been rejected on those affidavits. On appeal to the Supreme Court of the District of Columbia, the Court decided that the Commissioner was unwarranted in rejecting the application on *ex parte* affidavits, stating that—

> "Justice requires that the fate of the application be determined by proof which conforms to the fundamental canons of the law of evidence" (23 O. G., 269; C. D., 1883, 139).

The Court proceeded with the enquiry whether—

> "the statutes authorized the Commissioner of Patents, with the approval of the Secretary of the Interior, to institute

> proceedings for enquiring into allegations of public use or sale of an invention,"

and concluded—

> "that sufficient authority exists to warrant the Commissioner of Patents in instituting an enquiry" of this character.

The case having been returned to the Patent Office with this decision it was referred by the Primary Examiner to the Commissioner for instructions. The Commissioner, in writing his opinion (23 O. G., 2233; C. D., 1883, 33), said:

> "No definite practice, therefore, so far as I am able to learn, has been prescribed, by which the fact of public use and sale alone could be tried and determined. * * * I think the facts alleged in the affidavits presented in this case are sufficient to warrant me in instituting such proceedings. The Examiner is, therefore, directed to transmit all the papers filed in the case, and in connection therewith, to the Examiner of Interferences. The Examiner of Interferences is instructed to fix times for the taking of testimony by the respective parties the same as in interference cases. * * * At the conclusion of the taking of such testimony the case will be returned to the Office the same as in interference cases, and the Examiner of Interferences will determine the question of public use and sale the same as he determines the question of priority in interference cases. From his decision appeals may be taken as in interference cases."

From this decision of the Commissioner an appeal was taken to the Secretary of the Interior. The decision of the Secretary is in the form of a letter addressed to the Commissioner (23 O. G., 2233; C. D., 1883, 114). That decision contains the following statements:

> "It seems that no definite process had been prescribed in the practice of your Office for conducting an examination into the question of public use or sale alone, and as the proceeding is in the nature of a contest, an order was made by you directing the Examiner of Interferences, who is charged with the immediate supervision of controverted questions of

a similar character, to take jurisdiction of the case and pursue the investigation under certain specified regulations not differing materially from those governing the trial of other contested cases before that officer."

"It may be, and such appears to be the fact, that no precedent for the trial of this case in the manner proposed has been established in the practice of your office. But the necessity for instituting the proceedings having clearly arisen, it became necessary for you to decide what part of the machinery provided by law for the transaction of the business of your Office would afford the most orderly means of adjudicating the question to be determined. The Examiner of Interferences would seem to be the most appropriate for the purpose, for the reason that the contemplated proceedings conform more nearly to his other duties than to those of any other branch of the Patent Office."

"I concur with you that your order, from which the appeal is taken, *establishing a method for making the examination required by law* into the truth of the allegations of public use and sale of the invention for which a patent is claimed, is properly within the scope of the law defining the duties and powers of the Commissioner of Patents. Your action is therefore affirmed."

This decision of the Secretary of the Interior was such an approval of the practice established by the Commissioner of Patents in the Alteneck case as the statute requires and contemplates (R. S., Sec. 483) as necessary "to establish regulations not inconsistent with law for the conduct of proceedings in the Patent Office." Such an approval by the Secretary was undoubtedly what the Supreme Court of the District of Columbia had in mind, in deciding the Alteneck case, in making the inquiry as to whether or not "the statutes authorized the Commissioner of Patents with the approval of the Secretary of the Interior" to institute such proceedings. The Commissioner and Secretary undoubtedly intended to *establish a method* of conducting public use inquiries which should be applicable not only to the Alteneck case, but to all similar cases which might subsequently arise. The order, therefore, of the Commissioner of Patents in the Alteneck case, and the approval of that order by the

Secretary of the Interior, established the practice in the formal way contemplated by the statute, and that practice, therefore, so established, became the law for the guidance of the Commissioner of Patents in subsequent cases.

See *Ex parte* Finch, 40 O. G., 1027; C. D., 1887, p. 96.

This practice has been continued without essential modification down to the present case so far as appears from published decisions. One unessential modification of the practice should, however, be noted. A number of public use cases have arisen where the information has existed in the records of the Patent Office, as in testimony taken in interference cases, and where no party asserting an adverse interest has come forward by petition and demanded the right to contest the grant of the patent on this ground. In these cases the Primary Examiner or other officer has called the Commissioner's attention to the probable existence of the statutory bar of public use, and the Commissioner has thereupon determined to institute public use proceedings, and has appointed a representative of the Patent Office, usually the Law Clerk, to conduct the case on behalf of the Patent Office. The case then becomes a contested case between the public at large, represented by the Patent Office, and the applicant for the patent, and the papers being transmitted to the Examiner of Interferences, is proceeded with in accordance with rules governing interferences and other contested cases. Where, however, the proceedings are based upon a petition of a party claiming an adverse interest the case becomes a contest between the petitioner and the applicant, and there is no occasion for the Patent Office to be represented. But losing sight of the necessity which gave rise to the appointment of a representative of the Patent Office in the proceedings, such a representative has been appointed in cases like the present where the

contest is one between the petitioner and the applicant. It may be, however, that the Patent Office should be regarded as a third party in interest in the controversy, representing the general public and guarding the public interest against any compromise or collusion adverse to the public interest between the two principal contestants. We do not, therefore, object to the appointment by the Commissioner of a representative in the present case, except so far as that appointment is a part of the novel and anomalous practice which the Commissioner has proposed to apply to this case.

As the Patent Office is constituted the Examiner of Interferences is the court of first resort for the trial of contested cases, the Board of Examiners-in-Chief and the Commissioner in person being appellate tribunals. The rules governing the practice in interference cases, and the practice which has grown up under those rules, provide for a contest having the regular judicial forms and conducted in an orderly judicial manner. Thus under rule 101, when the Examiner of Interferences takes jurisdiction of the case it becomes a contested case, and thereafter nothing is done by the Court except upon notice to the parties. Under Rule 108, the parties are given access to each other's papers, so that the fundamental principle of every judicial contest is applied—namely, an equality of information between the parties as to the subject matter of the issue. Under Rule 118 and other rules, the Examiner of Interferences sets times for the taking of testimony and for the hearing, and by still other rules provision is made for proper motions and appeals. Under Rules 154 to 159, elaborate provisions are made for the taking of testimony " in interferences and other contested cases," these rules being in part the rules of the Court over which the Examiner of Interferences presides. Rules 162 and 163 provide for the printing of the testimony and the briefs. The practice thus established for the Court

held by the Examiner of Interferences is strictly in accordance with and follows closely the practice of the United States Courts in equity cases, but to make it clear that the equity practice of the United States Courts is the controlling practice, Rule 153 provides :

> " In contested cases, the practice on points to which the rules shall not be applicable will conform, as near as possible, to that of the United States Courts in equity proceedings."

Here we have a complete court, properly equipped, with procedure governed by a carefully-considered set of rules based upon the equity rules of the Federal Courts and supplemented by the rules of those courts in cases not specially provided for. In the Alteneck case, the Commissioner, after determining as a preliminary judicial question that a contested public use proceeding should be instituted, sent the papers to the Examiner of Interferences and had the proceedings begun and carried on by that Court, which had been so carefully organized by rules growing out of a long experience and formulated, with the approval of the Secretary of the Interior, by a long line of his predecessors in office.

By that method of procedure the status of the case was made certain and definite. The parties knew what court they were in, and knew the practice which controlled the case. That practice, also, was in accordance with Rule 153, since it conformed to the practice of the United States Courts in equity proceedings.

To make the procedure in the present case conform to the procedure in the Alteneck case, the Commissioner, after reaching the preliminary judicial determination to institute a public-use case, should have referred the papers to the Examiner of Interferences, directing him to proceed in accordance with interference practice ; or should have referred the papers to him without direction, when he would undoubtedly have proceeded (under the authority of the Alteneck case

and under Rule 153) in accordance with interference practice. As the result of this reference to the Examiner of Interferences, that officer would have issued notices setting times for taking testimony and for the hearing, and both parties would have had access to the Macdonald application, which is the basis of the proceeding, and the case would have gone forward in an orderly manner, and with the assurance that, after the testimony had been taken, filed and printed in accordance with the rules, an oral hearing would have been had at which the pertinency of the testimony upon the issue would have been discussed. Since that issue is the question: "Was the invention described in the Macdonald application in public use more than two years prior to the filing of that application?" the argument would have included a consideration of the Macdonald application as a part of the discussion. That the Commissioner has departed widely from this established and orderly practice in the present case is evident from a consideration of the situation: Instead of referring the present case to the Examiner of Interferences and having him issue notices for a trial in *his* Court the Commissioner has *in person* issued an order setting the times for taking testimony, and so far as can be learned from the papers, the contested case is at the present time pending before the Commissioner in person. It is true that in the order of July 18, 1900, the Commissioner stated that "the taking of testimony will be governed as far as practicable by the rules of this office relating to the taking of testimony in interferences and other contested cases." But this was an order issued out of the personal office of the Commissioner and it relates only to the *taking* of testimony and does not indicate what practice is to be applied to the case in other respects. The case is evidently regarded as one pending before the Commissioner in person, because the acting Commissioner in the absence of the Commissioner entertained motions for extension of the time for taking testimony. What

practice will be applied to the case after the testimony is taken is left hanging in mid air. While the petitioner is apparently permitted to *take* testimony at its own expense to establish the bar of public use, it does not appear that its attorneys will be permitted to present any arguments, oral or written, upon that testimony. If such arguments are to be permitted, it does not appear whether they wi l be had in the first instance before the Examiner of Interferences or before the Commissioner in person, and if the latter, no appeal within the Patent Office could be taken. As the case stands it would seem as if the case if argued at all would be argued before the Commissioner in person. It does appear that if such arguments are permitted the petitioner's attorneys will not be permitted to direct those arguments against the Macdonald application, but will only be permitted to direct them against some hypothetical case which may or may not be the Macdonald case.

Since it is not reasonable to assume that the Commissioner proposes to retain this case in his personal office, and hear in person the various motions for extensions, postponements, etc., or deprive himself of the benefit of the decisions of the lower tribunals of the Patent Office before he is finally called upon to pass upon the testimony himself, it is evident that the effect of his orders in this case is to establish a condition of uncertainty as to what practice shall be applied to the case at each step. This will make it necessary for the Commissioner to define the practice which shall be applicable to the present case from time to time as the exigencies of the case arise, and since he has started out by proposing a practice in violation of the rules and different from the practice heretofore followed, it is to say the least extremely uncertain what his view may be from time to time of the applicable procedure and of the rights of the parties. There is no occasion for this uncertainty. The rule established with the approval of the Secretary

in the Alteneck case and the established practice based upon that case and upon Rule 153 furnish a definite guide which should be followed.

The Jurisdiction of the Secretary.

In view of the facts which have been presented there would seem to be no doubt as to the jurisdiction of the Secretary to consider the present petition. The question presented is not a judicial one, but is purely an administrative or ministerial one. The Commissioner exhausted his judicial functions when he decided that the facts presented warranted the institution of a public use case. Thereafter he was called upon simply to put in motion by an administrative or ministerial order the machinery of the Patent Office organized for the very purpose. His failure to do so was a violation of the rule established in the Alteneck case and a violation of Rule 153.

There can be no doubt that he failed to follow the rule established in the Alteneck case, because if he had followed that rule he would have referred the papers to the Examiner of Interferences and had the proceedings instituted in that Court, instead of instituting the proceedings in his own personal office. Nor can there be any greater doubt that he has failed to follow Rule 153, which provides for a practice in contested cases, following the practice of the United States courts in equity proceedings. A public use case, based upon the petition of a party claiming an interest in the subject matter, is similar to the proceedings based upon a *petition of intervention* in equity cases in the courts. If the petition of intervention makes the

showing required to warrant the Court in granting the petition, the intervener becomes a party to the suit, entitled to take testimony, to cross-examine the witnesses of other parties, to argue the case, and to exercise all the other rights of a party to the suit.

Williams vs. Morgan, 111 U. S., 684.
Am. & English Enc. of Law, II. Ed., Vol. 17, p. 180 *et seq.*

In the proceedings proposed by the Commissioner in the present case, the petitioner, who has already been successful in his petition of intervention, is not even conceded to have the general rights of a party to the contest, but, so far as the case has gone, and so far as it can be definitely determined that the Commissioner intends to go, he only has the right to take testimony. A limited status such as this is unknown to the practice of the United States courts in equity cases. Who ever heard of a Chancery case in those courts where one of the parties to the litigation was permitted only *to take testimony* upon certain facts *directed to a hypothetical issue*, but was not allowed to inspect the papers on file which determined the real issue upon which the testimony was taken, and was not allowed to argue the applicability of that testimony to that issue ?

The Hardship to the Petitioner.

We have no doubt that if the Secretary takes jurisdiction of the present case the result will be a reversal of the rulings of the Commissioner upon the administrative or ministerial queston presented.

The hardship to the petitioner in the present situation is evident from what has already been said. It is

only necessary to point out an additional hardship which the novel practice proposed by the Commissioner may lead to.

Down to the present time the Commissioner has only made an order directing the petitioner to take testimony. After this testimony is filed the petitioner may be excluded from further participation in the case, and the case may become an *ex-parte* case, in which Macdonald will be heard to argue that the statutory bar has not been made out ; and in support of that argument Macdonald may present affidavits or other forms of proof designed to rebut or contradict the testimony presented by the petitioner, all without knowledge of the petitioner, and, of course, greatly to the petitioner's injury. This is possible as the case stands. It would be impossible if the case was instituted in the Examiner of Interferences Court and under the rules which govern the trials of cases in that Court.

Another view of the matter is that the practice proposed by the Commissioner is not "due process of law." The petitioner is a seller of apparatus which is made for it by another corporation, the interest of which other corporation is represented by the petitioner in this case. These corporations are engaged in an industrial enterprise in which they have invested large sums of money. *Prima facie* they have vested rights of property in the continuance of that enterprise. Their equitable standing before the Patent Office is, therefore, of the strongest—equal, at least, to the standing of a mere applicant for patent. It is proposed to give to another the title to that property by the grant of a patent. By analogy with the principle that property cannot be taken without "due process of law," the patent should not be granted against the protest of the petitioner without "due process of law."

"Whatever difficulty may be experienced in giving to those terms a definition which will embrace every permis-

> sible exertion of power affecting private rights, and exclude such as is forbidden, there can be no doubt of their meaning when applied to judicial proceedings. They then mean a course of legal proceedings according to those rules and principles which have been established in our systems of jurisprudence for the protection and enforcement of private rights" (Mr. Justice FIELD in *Pennoyer vs. Neff*, 95 U. S., 733).

The practice established by the Alteneck case and contemplated by Rule 153 may be regarded as "due process of law," but it cannot be contended that the course proposed by the Commissioner is entitled to a similar degree of commendation.

> "It is essential to due process of law that there should not only be notice of a time and place for a hearing, but, more important, that there should be a tribunal clothed with power by methods and rules prescribed by law to hear and determine the question involved" (Judge BAKER in *Charles vs. City of Marion*, 98 Fed. Rep., 168).

The Examiner of Interferences is a court of this character, but the Commissioner in person is not such a court. He has appellate judicial jurisdiction and, undoubtedly, primary executive or administrative jurisdiction over matters in the Patent Office; but his personal office has never been organized by proper rules to constitute a court for the trial of cases in the first instance.

Secrecy of Macdonald's Application.

It has been contended, by attorney for Macdonald, that Macdonald is entitled under the rules to have the secrecy of his application preserved, notwithstanding the institution of the public use case against that application. The foundation for this

argument seems to be the proposition that Macdonald or his assignee has never voluntarily disclosed the pendency of the application to the petitioner. It is evidently immaterial, however, whether the petitioner's knowledge of the Macdonald application was secured directly from Macdonald or his assignee or from other sources. If there is any merit in the argument of Macdonald's attorney, it should have been effective before the Commissioner as an argument in opposition to the institution of the public use case. It certainly can have no effect after the public use case has been instituted, in preventing the application to that case of the established practice.

The statute does not provide for the secrecy of pending applications, but only for the secrecy of caveats. Rule 15, however, provides for secrecy of both caveats and pending applications, "unless it shall be necessary to the proper conduct of business before the Office, as provided by Rules 97, 103 and 108." The rules referred to are those relating to practice in interference cases. It follows, therefore, that if the practice in interference cases is that which should be applied to public use cases, the rules themselves contain proper provision for the inspection of pending applications which are involved in the proceedings.

The petitioner has established its *prima facie* right, as a party in interest, to contest the grant of the patent to Macdonald, and the proper conduct of the proceeding requires that the Macdonald file be made a part of the case. That there is no essential right to maintain the secrecy of a pending application is shown by the decision of the Court of Appeals for the District of Columbia in *Ex parte Drawbaugh* (66 O. G., 1451; C. D. 1894, p. 192). Drawbaugh had taken an *ex parte* appeal to the Court from a decision of the Patent Office rejecting his application, and he moved to have the files of his pending application preserved in secrecy by the Court. This motion was denied on the ground

that the records of the Court were public records, and by the denial of the motion the Drawbaugh application was thrown open to public inspection, although in the particular proceeding no adverse interest claiming the right to inspect that application was represented.

Conclusion.

The Commissioner of Patents should be directed to refer the papers in the public use case to the Examiner of Interferences, with instructions to that officer to proceed under the rules of his court applicable to interference cases.

New York, March 7, 1901.

DYER, EDMONDS & DYER,
For Petitioner.

United States Patent Office.

NATIONAL PHONOGRAPH COMPANY,
Protestant,

vs.

THOMAS H. MACDONALD,
Respondent.

PUBLIC USE PROCEEDINGS.

Brief for Protestant on Motions set for Hearing before the Commissioner of Patents in person, January 10, 1902.

DYER, EDMONDS & DYER,
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In the United States Patent Office.

National Phonograph Company, Protestant, vs. Thomas H. Macdonald, Respondent.	Public-Use Proceedings.

BRIEF FOR PROTESTANT ON MOTIONS SET FOR HEARING BEFORE THE COMMISSIONER OF PATENTS IN PERSON, JANUARY 10, 1902.

The Case.

The present hearing arises on respondent's request to issue the patent upon his application, and, upon protestant's motion, to transmit the Macdonald file and the other papers herein to the Examiner of Interferences, with the direction to proceed with the public-use case in accordance with the rules in interference cases and under the practice established in the Alteneck case. The ground of respondent's request to issue the Macdonald patent is that the protestant has lost its right to proceed with the public-use matter by reason of laches, while protestant's position, as shown by its motion, is that the public-use case should now go forward in accordance with the well-established practice in such proceedings. We will consider these two matters in the order stated.

I.

Has the protestant lost its right to pursue the public use case by reason of laches?

An examination of the record must produce a negative answer to this question. The present public use proceeding involving the Macdonald application was not instituted until February 11th, 1901 (see the Commissioner's decision of that date). At that time the Macdonald application was substituted for the Douglass application, against which the proceeding had theretofore been directed. The Commissioner, however, by his decision of February 11th, 1901, refused to allow the protestant to examine the Macdonald application which formed the basis of the proceeding, omitted to refer the case to the Examiner of Interferences to be proceeded with under the interference practice, and in other respects failed to follow the practice which had been established, with the approval of the Secretary of the Interior, in the Alteneck case, and since followed in similar cases. Believing that the action of the Commissioner and the Secretary in the Alteneck case had established a rule of practice made by the Commissioner and approved by the Secretary, as required by law, and that the failure of the Commissioner to follow this rule raised a question which was reviewable by the Secretary, the protestant, on February 15th, 1901, petitioned the Secretary to review the action of the Commissioner. Briefs were filed before the Secretary, but no oral hearing was had, although one was requested. The case was held in the Secretary's office until December 5th, 1901, when the petition was dismissed for want of jurisdiction.

It certainly cannot be said that the protestant was in any way responsible for the delay in the Secretary's office; nor has the protestant been guilty of any laches since that time, because protestant's counsel stood

ready to argue the present matter before the Commissioner at the time first set—viz., December 18th; but, due to the engagements of respondent's counsel, the hearing was postponed.

Evidently the charge of laches, if it is to be sustained, must find its support in the proceedings, not in the present case against Macdonald, but in the earlier case against Douglass, which was in progress from July 18th, 1899, when the public-use proceeding was instituted against Douglass, until February 11th, 1901, when that case was dropped and the present case against Macdonald instituted. But, even if respondent is entitled to appeal to the proceedings in this earlier case for the support of his charge, we contend that no such support will be found in those proceedings for the reasons which we will now give.

On July 18th, 1899, the Commissioner rendered a decision instituting the public-use proceedings against the Douglass application and directing that the taking of testimony begin on August 14th, 1899. This being the vacation period of protestant's counsel who had charge of the proceeding, a motion was made for the postponement of the time for beginning the taking of testimony until the eleventh day of September, and on August 11th, 1899, an order was made by the Acting Commissioner postponing this time until September 4th, 1899.

Surely this postponement of less than three weeks during the vacation period cannot be counted seriously against the protestant.

Pursuant to the order of the Commissioner that the taking of testimony should begin on September 4th, 1899, protestant's counsel prepared to take the testimony, and on August 28th, 1899, prepared a notice giving the names and residences of the witnesses to be examined, and fixing the time for the examination to begin as Monday, September 4th, 1899, at 2 o'clock P. M., and the place of the examination as the Edison Laboratory, West Orange, New Jersey. This notice was

addressed to Messrs. Munday, Evarts & Addock, representing Douglass; to Philip Mauro, Esq., representing Macdonald, and to W. A. Megrath, Esq., representing the Patent Office, and was mailed by registered mail on that day to the several addresses of these parties. We have the registered-letter receipts showing that the notice was received by the parties named in due course of mail.*

On August 29th, 1899, and evidently immediately upon the receipt of the notice that the protestant would proceed with its testimony on September 4th, a letter was sent out from the Patent Office signed by the Acting Commissioner containing the following order:

> "As it is not convenient for the Office that the testimony should be taken on the day set, the time for taking it is again postponed to a date to be set by the Commissioner upon his return to the Office on September first."

This order acted as a stay of proceedings until the Commissioner should again set the time, and that stay we understand was made for the convenience of Mr. Megrath, the representative of the Patent Office in the proceedings. The Commissioner, however, did not set any new date for the taking of testimony, but sometime in October he suspended the public-use proceedings until after the termination of the interference, which was then in progress between Douglass and Macdonald. We have no copy of the notice of this suspension and cannot therefore give its exact date. It is referred to by the Commissioner in his decision of February 11th, 1901, as having been a part of his decision on Macdonald's motion to resume proceedings in the interference case, and that motion,

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* Mr. Megrath's copy should be among the papers on file in the Patent Office, but the original, with the proof of service by registered letter, will be presented at this hearing, and filed to establish the fact of service, if that fact is questioned.

we know, was made in October, 1899. In connection with this same matter the Commissioner in his decision of February 11, 1901, explains his reason for not setting a new date upon his return to the office on September first, as promised by the acting Commissioner's letter of August 29th, by stating that the proceedings were continued "on oral requests." We have no knowledge of these oral requests, but assume that they were requests made by Mr. Megrath. The public-use case remained suspended until the final decision of the interference between Douglass and Macdonald, which protestant's counsel learned of towards the end of January, 1901. The interference having been decided in favor of Macdonald, the public-use proceedings against the Douglass application became a moot case, and protestant's counsel *at once* moved to substitute the Macdonald application for the Douglass application in such proceedings, which motion resulted in the Commissioner's decision of February 11th, 1901.

Consequently, as to this period, during which the public-use proceeding was directed against the Douglass application, there was no substantial delay chargeable to the protestant; but, on the contrary, the protestant prepared to take the testimony, and gave notice of taking it in due time, and was prevented from taking it by the action of the Patent Office to meet the engagements of its own representative.

The statement contained in the paper filed by respondent's counsel, requesting the immediate issue of the Macdonald patent, that there was nothing to prevent the taking of the public-use testimony during all the time that the interference between Macdonald and Douglass was pending, is evidently not borne out by the facts, and the further statement contained in the same paper that for a year or more, beginning with the fall of 1899, "the protestant abandoned prosecution of its petition," is open to the same criticism.

The protestant has established its rights to be allowed to take testimony and to be heard on the public-

use matter under the practice which has heretofore controlled the trial of such matters, and stands ready at the present time to take that testimony, provided the established practice is applied to the case, or any other practice which can be definitely formulated and which will secure to the protestant a fair trial.

II.

Should the Macdonald file and the other papers herein be transmitted to the Examiner of Interferences, with the direction to proceed with the public-use case in accordance with the rules in interferences cases and under the practice established in the Alteneck case?

In establishing the public-use proceedings against the Douglass application, the Commissioner on July 18th, 1899, issued an order containing the following provisions:

> "It is ordered that the taking of testimony to show whether or not the device covered by the subject matter of the issue, or the devices set up in the affidavits and exhibits of the protestant, have been in use as alleged, begin on Monday, August 14, 1899, and continue from day to day until concluded."
>
> "The taking of testimony will be governed as far as practicable by the rules of this Office relating to the taking of testimony in interferences and other contested cases. W. A. Megrath, Law Clerk, is detailed to represent this Office and to conduct the proceeding."

This was an order made by the Commissioner of Patents *in person*. A copy of this order was transmitted to the petitioner by a letter dated July 18th,

1899, and signed by the Commissioner in person, such letter containing the following additional order:

> "You will please furnish the opposing parties and this Office with the names and addresses of the witnesses and the place where you intend to examine them."

After the interference between Douglass and Macdonald was decided, the Commissioner on February 11th, 1901, rendered his decision substituting Macdonald for Douglass in the public-use case but denying the protestant's motion for permission to examine the Macdonald application. This decision closed with the following order;

> "It is, therefore, ordered that the taking of testimony begin on Monday, February 18, 1901, and continue from day to day until concluded. The protestant will furnish Macdonald and this Office with the names of the witnesses to be examined and the place where the testimony is to be taken. In the further proceedings in this case the name of Macdonald will be substituted for that of Douglass in the title. William A. Megrath, Law Clerk, is detailed to represent the Office and conduct the proceedings."

This order, like the orders of July 18th, 1899, was signed by the Commissioner in person.

These orders furnish the entire guide for the conduct of the proceedings in the present case.

Let us examine the practice which has been followed heretofore in cases of this character, and see if the practice proposed for the present case is supported by precedent or is calculated to result in a fair trial.

The practice of instituting contested proceedings for determining whether or not the grant of a patent is barred by a public use existing more than two years before the filing of the application had its beginning in the year 1882 in the *Alteneck* case. It appears that in that case affidavits had been filed showing a public use of the invention, and the Alteneck application had been rejected on those affidavits. On appeal to the

Supreme Court of the District of Columbia, the Court decided that the Commissioner was unwarranted in rejecting the application on *ex parte* affidavits, stating that—

> " Justice requires that the fate of the application be determined by proof which conforms to the fundamental canons of the law of evidence " (23 O. G., 269 ; C. D., 1883, 139).

The Court proceeded with the enquiry whether—

> " the statutes authorized the Commissioner of Patents, with the approval of the Secretary of the Interior, to institute proceedings for enquiring into allegations of public use or sale of an invention,"

and concluded—

> " that sufficient authority exists to warrant the Commissioner of Patents in instituting an enquiry " of this character.

The case having been returned to the Patent Office with this decision it was referred by the Primary Examiner to the Commissioner for instructions. The Commissioner, in writing his opinion (23 O. G., 2233 ; C. D., 1883, 33), said :

> " No definite practice, therefore, so far as I am able to learn, has been prescribed, by which the fact of public use and sale alone could be tried and determined. * * * I think the facts alleged in the affidavits presented in this case are sufficient to warrant me in instituting such proceedings. The Examiner is, therefore, directed to transmit all the papers filed in the case, and in connection therewith, to the Examiner of Interferences. The Examiner of Interferences to instructed to fix times for the taking of testimony by the respective parties the same as in interferences cases. * * * At the conclusion of the taking of such testimony the case will be returned to the Office the same as in interference cases, and the Examiner of Interferences will determine the question of public use and sale the same as he determines the question of priority in interference cases. From his decision appeals may be taken as in interference cases."

From this decision of the Commissioner an appeal was taken to the Secretary of the Interior. The decision of the Secretary is in the form of a letter addressed to the Commissioner (23 O. G., 2233; C. D., 1883, 114). That decision contains the following statements:

> "It seems that no definite process had been prescribed in the practice of your Office for conducting an examination into the question of public use or sale alone, and as the proceeding is in the nature of a contest, an order was made by you directing the Examiner of Interferences, who is charged with the immediate supervision of controverted questions of a similar character, to take jurisdiction of the case and pursue the investigation under certain specified regulations not differing materially from those governing the trial of other contested cases before that officer."
>
> "It may be, and such appears to be the fact, that no precedent for the trial of this case in the manner proposed has been established in the practice of your office. But the necessity for instituting the proceedings having clearly arisen, it became necessary for you to decide what part of the machinery provided by law for the transaction of the business of your Office would afford the most orderly means of adjudicating the question to be determined. The Examiner of Interferences would seem to be the most appropriate for the purpose, for the reason that the contemplated proceedings conform more nearly to his other duties than to those of any other branch of the Patent Office."
>
> "I concur with you that your order, from which the appeal is taken, *establishing a method for making the examination required by law* into the truth of the allegations of public use and sale of the invention for which a patent is claimed, is properly within the scope of the law defining the duties and powers of the Commissioner of Patents. Your action is therefore affirmed."

This decision of the Secretary of the Interior was such an approval of the practice established by the Commissioner of Patents in the Alteneck case as the statute requires and contemplates (R. S., Sec. 483) as necessary "to establish regulations not inconsistent with law for the conduct of proceedings in the Patent Office." Such an approval by the Secretary was undoubtedly what the Supreme Court of the District of

Columbia had in mind, in deciding the Alteneck case, in making the inquiry as to whether or not "the statutes authorized the Commissioner of Patents with the approval of the Secretary of the Interior" to institute such proceedings. The Commissioner and Secretary undoubtedly intended to *establish a method* of conducting public use inquiries which should be applicable not only to the Alteneck case, but to all similar cases which might subsequently arise. The order, therefore, of the Commissioner of Patents in the Alteneck case, and the approval of that order by the Secretary of the Interior, established the practice in the formal way contemplated by the statute, and that practice, therefore, so established, became the law for the guidance of the Commissioner of Patents in subsequent cases.

See *Ex parte* Finch, 40 O. G., 1027; C. D., 1887, p. 96.

This practice has been continued without essential modification down to the present case so far as appears from published decisions. One unessential modification of the practice should, however, be noted. A number of public use cases have arisen where the information has existed in the records of the Patent Office, as in testimony taken in interference cases, and where no party asserting an adverse interest has come forward by petition and demanded the right to contest the grant of the patent on this ground. In these cases the Primary Examiner or other officer has called the Commissioner's attention to the probable existence of the statutory bar of public use, and the Commissioner has thereupon determined to institute public use proceedings, and has appointed a representative of the Patent Office, usually the Law Clerk, to conduct the case on behalf of the Patent Office. The case then becomes a contested case between the public at large, represented by the Patent Office, and the applicant for the patent, and the papers being

transmitted to the Examiner of Interference, is proceeded with in accordance with rules governing interferences and other contested cases. Where, however, the proceedings are based upon a petition of a party claiming an adverse interest the case becomes a contest between the petitioner and the applicant, and there is no occasion for the Patent Office to be represented. But losing sight of the necessity which gave rise to the appointment of a representative of the Patent Office in the proceedings, such a representative has been appointed in cases like the present where the contest is one between the petitioner and the applicant. It may be, however, that the Patent Office should be regarded as a third party in interest in the controversy, representing the general public and guarding the public interest against any compromise or collusion adverse to the public interest between the two principal contestants. We do not, therefore, object to the appointment by the Commissioner of a representative in the present case, except so far as that appointment is a part of the novel and anomalous practice which the Commissioner has proposed to apply to this case.

As the Patent Office is constituted the Examiner of Interferences is the court of first resort for the trial of contested cases, the Board of Examiner-in-Chief and the Commissioner in person being appellate tribunals. The rules governing the practice in interference cases, and the practice which has grown up under those rules, provide for a contest having the regular judicial forms and conducted in an orderly judicial manner. Thus under rule 101, when the Examiner of Interferences takes jurisdiction of the case it becomes a contested case, and thereafter nothing is done by the Court except upon notice to the parties. Under Rule 108, the parties are given access to each other's papers, so that the fundamental principle of every judicial contest is applied—namely, an equality of information between the parties as to the subject matter of the issue.

Under Rule 118 and other rules, the Examiner of Interferences sets times for the taking of testimony and for the hearing, and by still other rules provision is made for proper motions and appeals. Under Rules 154 to 159, elaborate provisions are made for the taking of testimony " in interferences *and other* contested cases," these rules being in part the rules of the Court over which the Examiner of Interferences presides. Rules 162 and 163 provide for the printing of the testimony and the briefs. The practice thus established for the Court held by the Examiner of Interferences is strictly in accordance with and follows closely the practice of the United States Courts in equity cases, but to make it clear that the equity practice of the United States Courts is the controlling practice, Rule 153 provides:

> " In contested cases, the practice on points to which the rules shall not be applicable will conform, as near as possible, to that of the United States Courts in equity proceedings."

Here we have a complete court, properly equipped, with procedure governed by a carefully considered set of rules based upon the equity rules of the Federal Courts and supplemented by the rules of those courts in cases not specially provided for. In the Alteneck case, the Commissioner, after determining as a preliminary judicial question that a contested public use proceeding should be instituted, sent the papers to the Examiner of Interferences and had the proceedings begun and carried on by that Court, which had been so carefully organized by rules growing out of a long experience and formulated, with the approval of the Secretary of the Interior, by a long line of his predecessors in office.

By that method of procedure the status of the case was made certain and definite. The parties knew what court they were in, and knew the practice which controlled the case. That practice, also, was in accord-

ance with Rule 153, since it conformed to the practice of the United States Courts in equity proceedings.

To make the procedure in the present case conform to the procedure in the Alteneck case, the Commissioner, after reaching the preliminary judicial determination to institute a public use case, should have referred the papers to the Examiner of Interferences, directing him to proceed in accordance with interference practice; or should have referred the papers to him without direction, when he would undoubtedly have proceeded (under the authority of the Alteneck case and under Rule 153) in accordance with interference practice. As the result of this reference to the Examiner of Interferences, that officer would have issued notices setting times for taking testimony and for the hearing, and both parties would have had access to the Macdonald application, which is the basis of the proceeding, and the case would have gone forward in an orderly manner, and with the assurance that, after the testimony had been taken, filed and printed in accordance with the rules, an oral hearing would have been had at which the pertinency of the testimony upon the issue would have been discussed. Since that issue is the question: "Was the invention described in the Macdonald application in public use more than two years prior to the filing of that application?" the argument would have included a consideration of the Macdonald application as a part of the discussion.

That the Commissioner has departed widely from this established and orderly practice in the present case is evident from a consideration of the situation: Instead of referring the present case to the Examiner of Interferences and having him issue notices for a trial in *his* Court the Commissioner has *in person* issued orders setting the times for taking testimony, and so far as can be learned from the papers, the contested case is at the present time pending before the Commissioner in person. It is true that in the order of July 18, 1900, the Commissioner stated that "the taking of testi-

mony will be governed as far as practicable by the rules of this office relating to the taking of testimony in interferences and other contested cases." But this was an order issued out of the personal office of the Commissioner and it relates only to the *taking* of testimony and does not indicate what practice is to be applied to the case in other respects. The case is evidently regarded as one pending before the Commissioner in person, because the acting Commissioner in the absence of the Commissioner entertained motions for extension of the time for taking testimony. What practice will be applied to the case after the testimony is taken is left hanging in mid air. While the petitioner is apparently permitted to *take* testimony at its own expense to establish the bar of public use, it does not appear that its attorneys will be permitted to present any arguments, oral or written, upon that testimony. If such arguments are to be permitted, it does not appear whether they will be had in the first instance before the Examiner of Interferences or before the Commissioner in person, and if the latter, no appeal within the Patent Office could be taken. As the case stands it would seem as if the case if argued at all would be argued before the Commissioner in person. It does appear that if such arguments are permitted the petitioner's attorneys will not be permitted to direct those arguments against the Macdonald application, but will only be permitted to direct them against some hypothetical case which may or may not be the Macdonald case.

Another view of the matter may be taken: Since it may not be reasonable to assume that the Commissioner proposes to retain this case in his personal office, and hear in person the various motions for extensions, postponements, etc., or deprive himself of the benefit of the decisions of the lower tribunals of the Patent Office before he is finally called upon to pass upon the testimony himself, it is evident that the effect of his orders in this case is to establish a con-

dition of uncertainty as to what practice shall be applied to the case at each step. This will make it necessary for the Commissioner to define the practice which shall be applicable to the present case from time to time as the exigencies of the case arise, and since he has started out by proposing a practice in violation of the rules and different from the practice heretofore followed, it is to say the least extremely uncertain what his view may be from time to time of the applicable procedure and of the rights of the parties. There is no occasion for this uncertainty. The rule established with the approval of the Secretary in the Alteneck case and the established practice based upon that case and upon Rule 153 furnish a definite guide which should be followed.

There can be no doubt that the Commissioner failed to follow the rule established in the Alteneck case, because if he had followed that rule he would have referred the papers to the Examiner of Interferences and had the proceedings instituted in that Court, instead of instituting the proceedings in his own personal office. Nor can there be any greater doubt that he has failed to follow Rule 153, which provides for a practice in contested cases, following the practice of the United States courts in equity proceedings. A public use case, based upon the petition of a party claiming an interest in the subject matter, is similar to the proceedings based upon a *petition of intervention* in equity cases in the courts. If the petition of intervention makes the showing required to warrant the Court in granting the petition, the intervenor becomes a party to the suit, entitled to take testimony, to cross-examine the witnesses of other parties, to argue the case, and to exercise all the other rights of a party to the suit.

Williams vs. Morgan, 111 U. S., 684.
Am. & English Enc. of Law, II. Ed., Vol. 17, p. 180 *et seq.*

In the proceedings proposed by the Commissioner in the present case, the petitioner, who has already

been successful in his petition of intervention, is not even conceded to have the general rights of a party to the contest, but, so far as the case has gone, and so far as it can be definitely determined that the Commissioner intended to go, he only has the right to take testimony. A limited status such as this is unknown to the practice of the United States courts in equity cases. Who ever heard of a Chancery case in those courts where one of the parties to the litigation was permitted only *to take testimony* upon certain facts *directed to a hypothetical issue*, but was not allowed to inspect the papers on file which determined the real issue upon which the testimony was taken, and was not allowed to argue the applicability of that testimony to that issue?

The hardship to the petitioner in the present situation is evident from what has already been said. It is only necessary to point out an additional hardship which the novel practice proposed by the Commissioner may lead to.

Down to the present time the Commissioner has only made an order directing the petitioner to take testimony. After this testimony is filed the petitioner may be excluded from further participation in the case, and the case may become an *ex-parte* case, in which Macdonald will be heard to argue that the statutory bar has not been made out; and in support of that argument Macdonald may present affidavits or other forms of proof designed to rebut or contradict the testimony presented by the petitioner, all without knowledge of the petitioner, and, of course, greatly to the petitioner's injury. This is possible as the case stands. It would be impossible if the case was instituted in the Examiner of Interferences Court and under the rules which govern the trials of cases in that Court.

Another view of the matter is that the practice proposed by the Commissioner is not "due process of law." The petitioner is a seller of apparatus which

is made for it by another corporation, the interest of which other corporation is represented by the petitioner in this case. These corporations are engaged in an industrial enterprise in which they have invested large sums of money. *Prima facie* they have vested rights of property in the continuance of that enterprise. Their equitable standing before the Patent Office is, therefore, of the strongest—equal, at least, to the standing of a mere applicant for patent. It is proposed to give to another the title to that property by the grant of a patent. By analogy with the principle that property cannot be taken without "due process of law," the patent should not be granted against the protest of petitioner without "due process of law."

> "Whatever difficulty may be experienced in giving to those terms a definition which will embrace every permissible exertion of power affecting private rights, and exclude such as is forbidden, there can be no doubt of their meaning when applied to judicial proceedings. They then mean a course of legal proceedings according to those rules and principles which have been established in our systems of jurisprudence for the protection and enforcement of private rights" (Mr. Justice FIELD in *Pennoyer vs. Neff*, 95 U. S., 733).

The practice established by the Alteneck case and contemplated by Rule 153 may be regarded as "due process of law," but it cannot be contended that the course proposed by the Commissioner is entitled to a similar degree of commendation.

> "It is essential to due process of law that there should not only be notice of a time and place for a hearing, but, more important, that there should be a tribunal clothed with power by methods and rules prescribed by law to hear and determine the question involved" (Judge BAKER in *Charles vs. City of Marion*, 98 Fed. Rep., 168).

The Examiner of Interferences is a court of this character, but the Commissioner in person is not such

a court. He has appellate judicial jurisdiction and, undoubtedly, primary executive or administrative jurisdiction over matters in the Patent Office; but his personal office has never been organized by proper rules to constitute a court for the trial of cases in the first instance.

Secrecy of Macdonald's Application.

It has been contended, by attorney for Macdonald, that Macdonald is entitled under the rules to have the secrecy of his application preserved, notwithstanding the institution of the public use case against that application. The foundation for this argument seems to be the proposition that Macdonald or his assignee has never voluntarily disclosed the pendency of the application to the petitioner. It is evidently immaterial, however, whether the petitioner's knowledge of the Macdonald application was secured directly from Macdonald or his assignee or from other sources. If there is any merit in the argument of Macdonald's attorney, it should have been effective before the Commissioner as an argument in opposition to the institution of the public use case. It certainly can have no effect after the public use case has been instituted, in preventing the application to that case of the established practice.

The statute does not provide for the secrecy of pending applications, but only for the secrecy of caveats. Rule 15, however, provides for secrecy of both caveats and pending applications, " unless it shall be necessary to the proper conduct of business before the Office, as provided by Rules 97, 103 and 108." The rules referred to are those relating to practice in interference cases. It follows, therefore,

that if the practice in interference cases is that which should be applied to public use cases, the rules themselves contain proper provision for the inspection of pending applications which are involved in the proceedings.

The petitioner has established its *prima facie* right, as a party in interest, to contest the grant of the patent to Macdonald, and the proper conduct of the proceeding requires that the Macdonald file be made a part of the case. That there is no essential right to maintain the secrecy of a pending application is shown by the decision of the Court of Appeals for the District of Columbia in *Ex parte Drawbaugh* (66 O. G., 1451; C. D. 1894, p. 192). Drawbaugh had taken an *ex parte* appeal to the Court from a decision of the Patent Office rejecting his application, and he moved to have the files of his pending application preserved in secrecy by the Court. This motion was denied on the ground that the records of the Court were public records, and by the denial of the motion the Drawbaugh application was thrown open to public inspection, although in the particular proceeding no adverse interest claiming the right to inspect that application was represented.

Conclusion.

The decisions of the former Commissioner of Patents in this case have created a confusion as to the practice applicable to public-use proceedings, which it is the duty of the present Commissioner to correct. The interests of the parties to this controversy are great and need protection; but more important still is the interest of the public and of the host of litigants to come in the establishment of a certain, orderly and legal proceedure.

Protestant's motion to transmit the Macdonald file and the other papers herein to the Examiner of Interferences, with the direction to proceed with the case in accordance with the rules in interference cases and under the practice established in the Alteneck case, should be granted.

New York, January 3, 1902.

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